



KeyBank, N. A.
127 Public Square
Cleveland, OH 44114

December 16, 2009

VIA ELECTRONIC MAIL

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the
Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Re: Docket No. R-1377

Dear Ms. Johnson:

KeyBank National Association ("KeyBank") submits this comment letter in response to the proposed amendments to Regulation E and its Official Staff Commentary ("Proposal") issued by the Board of Governors of the Federal Reserve System ("Board") to implement Title IV of the Credit Card Accountability Responsibility and Disclosure Act of 2009 ("Act"). The Proposal addresses certain disclosure requirements, limits on fees and expiration dates on gift certificates, store gift cards and general-use prepaid cards. *See 74 Fed. Reg. 60986* (Nov. 20, 2009). KeyBank appreciates the opportunity to provide its comments on the Proposal.

We request clarification of the meaning of the term "account" that is subject to the regulation under the Proposal. We strongly urge the Board to exclude all general-use prepaid cards that are purchased by a business entity, or a sole proprietorship, for business purposes, including use as a loyalty, award or promotion card. General-use prepaid cards issued under loyalty, award or promotion card programs pose significant operational burdens on the card issuer. The business entity is often listed as the card purchaser, and the card issuer generally does not track delivery of these cards by the business entity to other business, consumers or employees. Card reissuance and new disclosures for outstanding cards needed to comply with the Proposal will be very difficult to complete satisfactory because the holder of record is the initial business entity that purchased the cards. Alternatively, outstanding cards in a loyalty, award and promotional programs that are active card accounts on August 22, 2010 should be excluded from any requirement to reissue replacement cards or to delivery revised disclosures to comply with the Proposal.

Also we request clarification of the meaning of a "consumer account" subject to the regulation and the Proposal, where (1) general-use prepaid cards are issued by a financial

Mr. Matthew F. Fitzsimmons
May 29, 2009

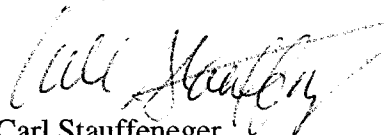
Page 2

institution, directly or indirectly, in an open-looped payment system and (2) funds may be retained by the card issuing financial institution and held in an aggregated funds pool clearing account for purposes of reimbursement of settlement payments through the payment networks. Generally, the aggregated funds pool account may either be an FDIC insured account in the name of the third party entity sponsored by the financial institution for card marketing, authorization, and customer service purposes (a "Program Manager") or, alternatively, the funds pool account may, at the option of the Program Manager and card issuer, have related requirements for necessary record keeping to be maintained by the Program Manager in order to identify the cardholder and card account value in order to provide for FDIC pass-through insurance coverage for the identified individual cardholders. In these models, FDIC insurance is not automatically made available to holders of the general-use prepaid cards, unless agreed upon by contract between the card issuer and its sponsored third party (the Program Manager). When FDIC is not made available to a cardholder, I suggest the value held by the card issuer and accessed by the general-use prepaid card should not be considered an "account held by the consumer" for purposes of the Proposal and, thus, the general-use prepaid card should not be covered by the Proposal or Regulation E.

The Proposal should not limit the right of a card issuer to deny card reissuance of a new card in the case of a lost or stolen card, and the card issuer should be able to cancel the card and deny access to the unused card balance. In this case the card issuer should be able to refund by check or electronic funds transfer any unused card balance to the initial card purchaser on the records of the card issuer. The card issuer should be able to charge a fee for either replacing a lost or stolen card or for issuing a cash refund on the card at any time. If the card issuer cannot obtain sufficient fee revenue to cover its operating expenses, there is less incentive to offer this card product to the general public.

Again, KeyBank appreciates the opportunity to provide its comments on the Proposal. Please do not hesitate to contact me at (216) 689-3658 or our in-house counsel Gregory Poore at (216) 689-5105

Sincerely,


Carl Stauffeneger
Senior Vice President

cc: Gregory R. Poore, Esq.